

Message Text

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12

ORIGIN EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

FEA-01 AEC-05 DODE-00 FPC-01 H-01 INT-05 L-02 NSC-05

PM-03 SAM-01 OES-03 SS-15 STR-01 AGR-05 /122 R

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R 080154Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY BERN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ENRG, OECD

SUBJECT: PREFERENTIAL TAX TREATMENT FOR FEEDSTOCKS USED
IN PETROCHEMICAL

1. MONSANTO AND DOW CHEMICAL COMPANIES HAVE EXPRESSED CONCERN TO DEPARTMENT ABOUT EFFECTS OF PRESIDENT'S ENERGY PROPOSALS UPON THEIR CRUDE OIL, NATURAL GAS AND FEEDSTOCKS COSTS, SUGGESTING THAT US MEASURES WOULD PLACE THEM AT SERIOUS DISADVANTAGE VIS-A-VIS THEIR EUROPEAN AND JAPANESE COMPETITORS.

2. THEY ASSERTED THAT SOME EUROPEAN COUNTRIES AND POSSIBLY JAPAN CONSIDER FEEDSTOCKS TO BE A "CRITICAL" PETROLEUM PRODUCT, AND CONSEQUENTLY EITHER TAX THEM AT SIGNIFICANTLY LOWER RATE THAN OTHER PETROLEUM PRODUCTS OR GIVE REBATE OR REFUND ON CRUDE OIL REFINED FOR FEEDSTOCK USE. THEY DID NOT IDENTIFY ANY SPECIFIC COUNTRIES, BUT DID SINGLE OUT NAPHTHA AS THE PRINCIPAL FEEDSTOCK WHICH BENEFITTED FROM THE PREFERENTIAL TREATMENT.

3. DEPARTMENT WOULD APPRECIATE INFORMATION FROM

ADDRESSEES AS TO WHETHER HOST COUNTRY DOES IN FACT GRANT PREFERENTIAL TAX TREATMENT TO FEEDSTOCKS AND/OR CRUDE OIL DESTINED FOR FEEDSTOCK USE. DEPARTMENT RECOGNIZES DIFFICULTIES MAY BE ENCOUNTERED IN IDENTIFYING FEEDSTOCKS PER SE GIVEN WIDE RANGE OF PRODUCTS THAT CAN BE USED OR REPROCESSED FOR USE AS FEEDSTOCKS BUT WHEREVER POSSIBLE SPECIFIC EXAMPLES OF SUCH PREFERENTIAL TREATMENT WOULD BE HELPFUL. KISSINGER

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